

**PROGRAM UPDATE**  
to the  
**Water Policy Interim Committee**

**RENEWABLE RESOURCE GRANT AND LOAN  
PROGRAM**

**Montana Department of Natural Resources and Conservation**

**March 5, 2018**



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## INTRODUCTION

This report summarizes the status of the Montana Department of Natural Resources and Conservation (DNRC) Renewable Resource Grant and Loan (RRGL) program as of February 15, 2018. The information in this report updates DNRC's 2017 RRGL biennial report. The biennial report is in Volume 6 of the Governor's Executive Budget Fiscal Years 2018 – 2019. The biennial report includes summaries of all projects recommended for funding to the 2017 Legislature and a comprehensive description of RRGL program policies and procedures. Volume 6 of the Governor's Executive Budget Fiscal Years 2018 – 2019 is available at the following website:

[https://budget.mt.gov/Budgets/2019\\_Budget](https://budget.mt.gov/Budgets/2019_Budget)

The RRGL program is composed of six grant and two loan programs described in this document and summarized in **Table 1**.

<b>TABLE 1</b> <b>PROJECT FUNDING LIMITS &amp; LEGISLATIVE APPROPRIATIONS FOR THE 2019 BIENNIUM</b> <b>RENEWABLE RESOURCE GRANT AND LOAN PROGRAM</b>			
Funding Program	Funding Limits	Eligible Applicants or Loan Recipients	Total Appropriation 2017 Biennium
<b>Grant Programs</b>			<b>House Bill 6</b>
Project Grants	\$125,000	Public Entities	\$ 3,231,640
Planning Grants	\$15,000	Public Entities	\$ 800,000
Emergency Grants	\$30,000	Public Entities	\$ 100,000
Irrigation Development Grants	\$20,000	Public and Private	\$ 300,000
Watershed Grants	\$20,000	Public & Watershed Grps	\$ 300,000
Private Grants	\$5,000	Private entities only	\$ 50,000
<b>Total House Bill 6</b>			<b>\$4,781,640</b>
<b>Loan Programs</b>			
Public RRGL Loans	Ability to repay	Government Entities	<b>House Bill 8</b> (did not pass)
Loans to Private Entities	\$3,000,000	Associations/Individuals	GO bonds



### RRGL Program Purpose

The purpose of the RRGL program is to further the state's policies, set forth in Section 85-1-101, MCA, regarding the conservation, preservation, and beneficial use of renewable resources. The goal of the program is to invest in renewable natural resource projects that preserve economic and other benefits of the state's natural heritage for the citizens of Montana.



In 2017 the Beaverhead Conservation District received a \$125,000 grant to complete rehabilitation of the Poindexter Slough to improve fish habitat.

### Revenue Sources for

#### Renewable Resource Grants

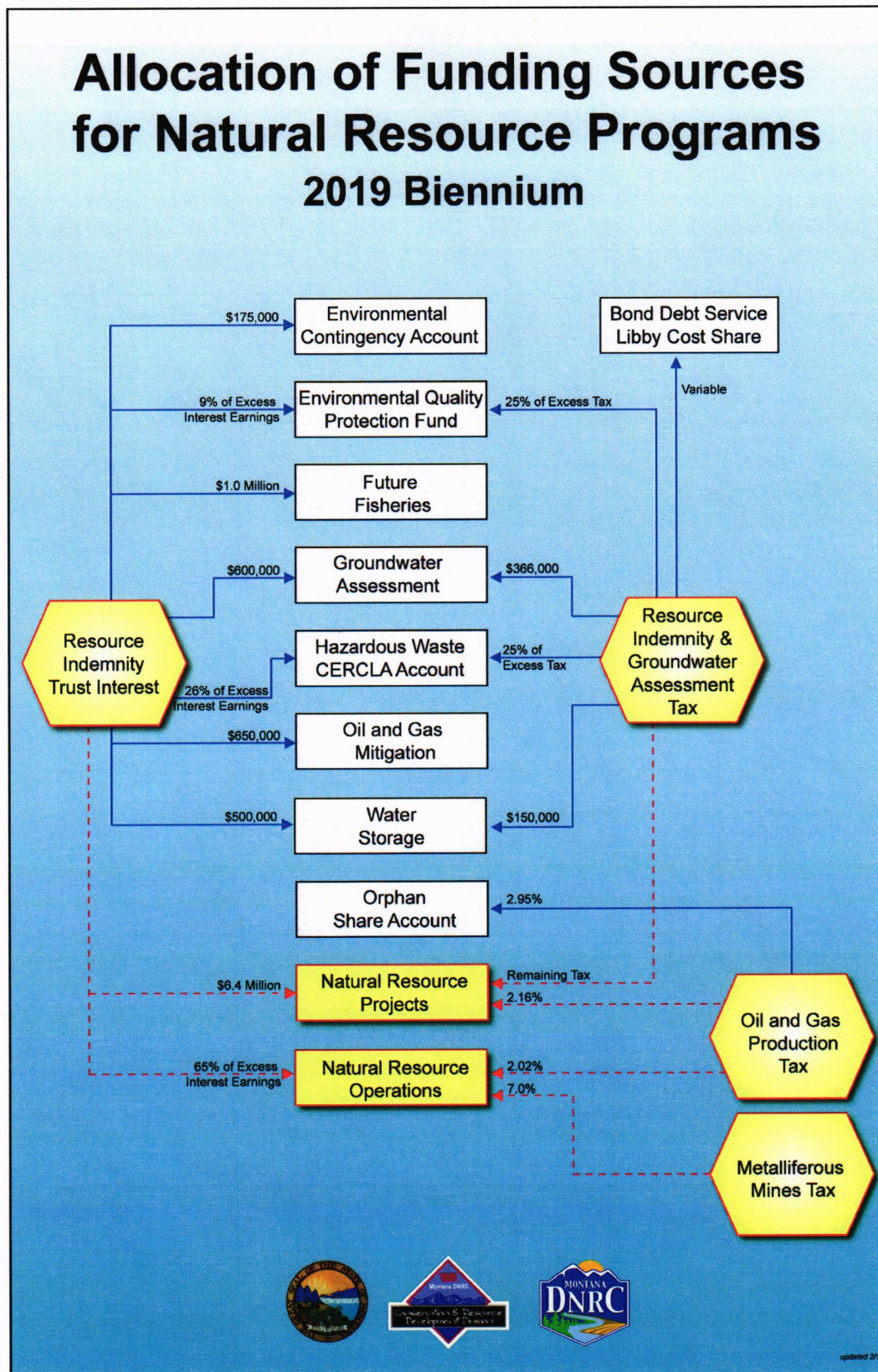
The 2007 Legislature established two Natural Resources State Special Revenue Accounts (SSRA): the Natural Resources Projects SSRA and the Natural Resources Operations SSRA. The Projects SSRA receives revenue to be used exclusively for grants. Funds from this account are shared by the RRGL and the Reclamation and Development Grants programs. The Natural Resources Operations SSRA funds expenses incurred in the administration of these two natural resource grant programs. **Figure 1** is a flow chart summarizing revenue sources for the Natural Resources Projects and Operations SSRAs.

### Funding Authority for the 2017 Biennium

The 2017 Legislature appropriated \$4,781,640 in House Bill 6 for renewable resource grants. Of that amount, \$3,231,640 funded 26 projects for the 2019 biennium. House Bill 6 also appropriated \$800,000 for planning grants, \$300,000 for irrigation development grants, \$100,000 for emergency grants, \$300,000 for watershed grants, and \$50,000 for private grants. The Legislature typically authorizes the issuance of general obligation bonds for renewable resource loans for specific projects; however House Bill 8 failed in the 2017 Legislature. As a result, infrastructure loans from this program are currently not available to Montana communities.



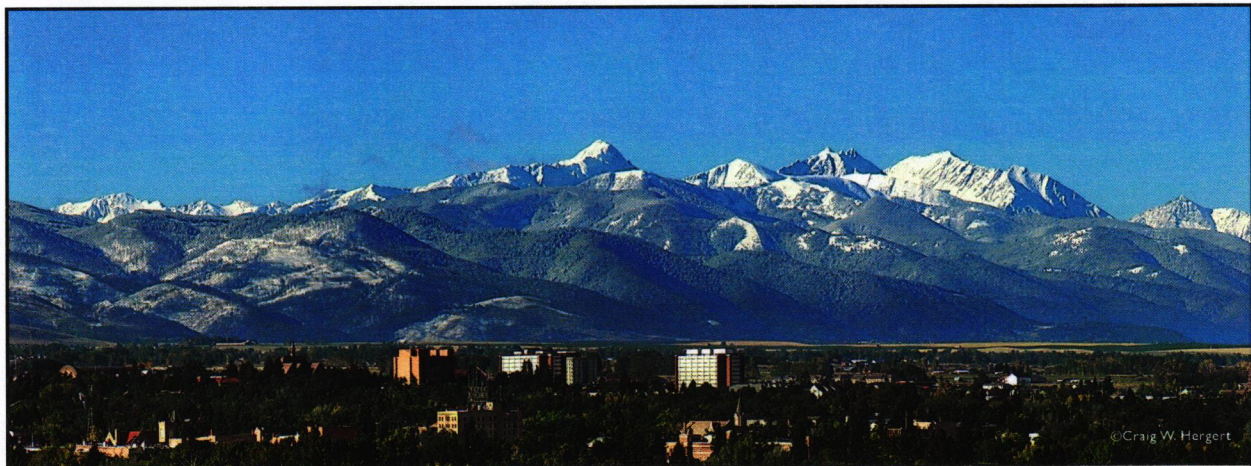
Figure 1.



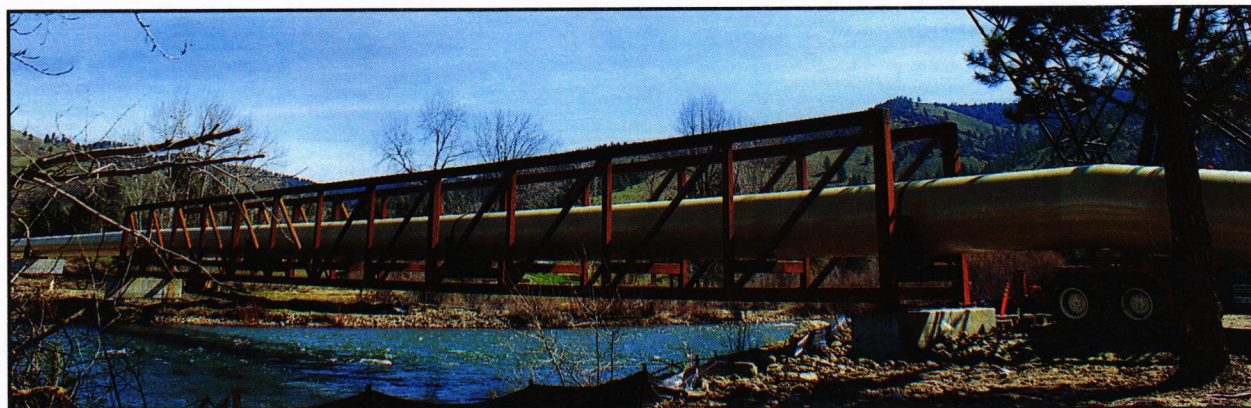


### **Project Eligibility for Renewable Resource Grants and Loans**

Grants and loans are available for projects that conserve, protect and beneficially use the state's water, land, vegetation, fish, recreation, and other renewable resources. The majority of projects funded under this program are water resource projects; but forestry, soil conservation, renewable energy, and solid waste projects are also eligible. Project funding is available for construction, research, design, demonstration, and planning. Watershed projects that preserve and improve water quality and projects that help plan for future management and protection of water sources (such as groundwater assessment studies) have also received funding.



In 2017 the City of Bozeman received a \$125,000 grant to improve the Story Ditch Diversion and conveyance structure. The Sunset Hills and Lindley Park water conservation project will allow the City to use more reservoir water for drinking water.



The Bitter Root Irrigation District received a \$125,000 grant that contributed to the funds needed to replace an ageing siphon and bridge across the Bitterroot River.



### **What makes the RRGL Program Different from other Funding Sources?**

- Although applicants are encouraged to seek matching funds, DNRC does not require a match for renewable resource grants to public entities.
- Project sponsors that expected additional funding from other sources do not automatically lose their RRGL funding if other funding falls through. This policy helps communities phase large projects in affordable increments when necessary.
- RRGL funds both public and private entities.
- About a quarter of RRGL grant funds go toward improving irrigation system infrastructure and water management. Producers, irrigation districts, and water user associations have very few other sources of grant funds for infrastructure projects.
- The RRGL program allows grants to be spent early in the project. This policy is in place because some grant programs will not allow their grants to be used until the project is underway. This can stall a project for months or years waiting for one grant program to go before another.

The following five sections describe the various renewable resource grant and loan programs.

## SECTION 1

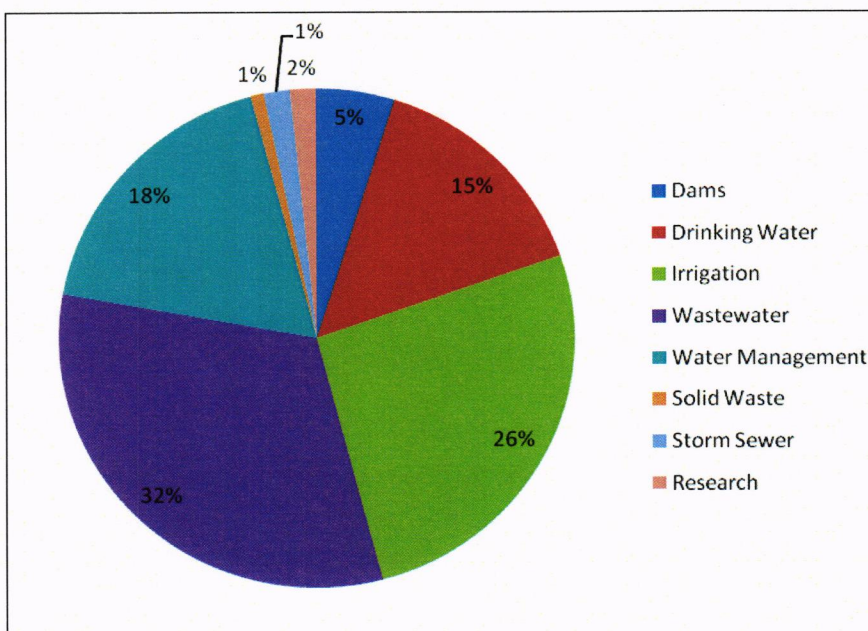
### RENEWABLE RESOURCE PROJECT GRANTS AND LOANS TO PUBLIC ENTITIES

The DNRC Resource Development Bureau accepts applications for public grants that are submitted or postmarked by May 15 of each even-numbered year. Applications for the current biennium were received in May 2016. Eligible applicants are registered with the Secretary of State as a public entity and can be a city, town, county, school district, irrigation district, water and/or sewer district, state agency, university, or conservation district. Grant programs in this category include: project grants, planning grants, irrigation development, watershed management, and emergency grants.

#### Project Grants

DNRC solicits a wide variety of project applications to maintain the competitive nature of the program (Figure 2). Projects that most closely meet statutory priorities score the highest when ranking for funding. Projects that do not rank competitively and fall below the projected funding line are less likely to receive legislative approval.

**Figure 2. Typical Distribution of Renewable Resource Project Grants**



#### Application Review and Ranking

DNRC enters into contracts with engineering and natural resource specialists throughout Montana to review applications for technical and financial feasibility. Applications are also reviewed by other state agencies especially if a project is needed to respond to a permitting requirement. DNRC also solicits views from local governments and other affected parties to verify public benefit.

DNRC's scoring and ranking system is used to determine the relative merit of every proposal submitted for grant funding. Each project is scored based primarily on the degree to which a

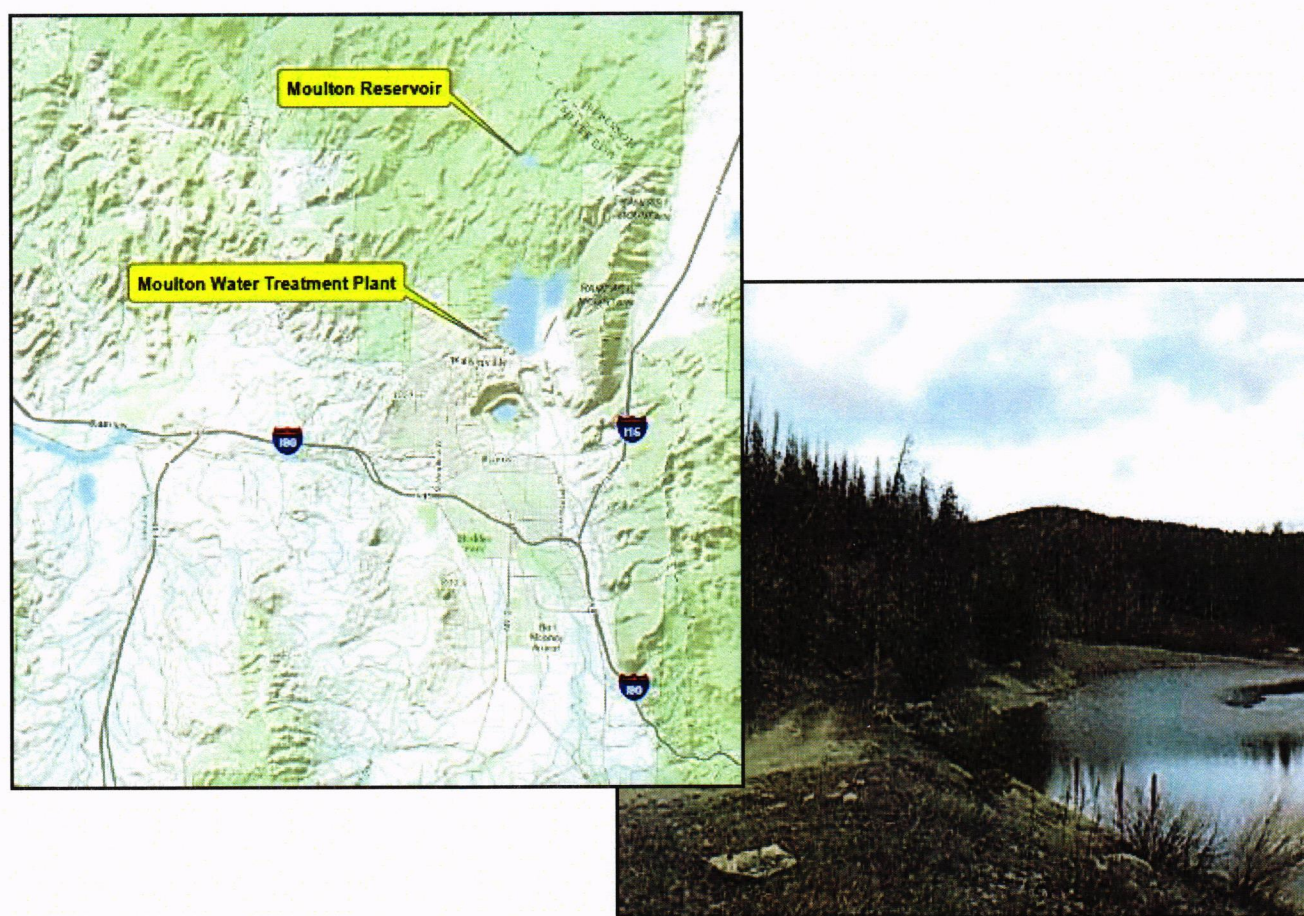


project will benefit or develop a renewable resource but also on technical and financial feasibility, project management ability and public benefits such as recreation, public safety and economic value to a community.

DNRC's recommendation of project rank is not binding. Either the Governor or the Legislature may make adjustments to the recommendations to reflect their assessment of natural resource and other policy priorities. Projects are listed in an appropriation bill in ranked order (usually House Bill 6). Ultimately, grant funding decisions are made by the Legislature.

### Funding Recommendations

Grant projects DNRC recommended for funding during the 2019 biennium are listed in House Bill 6 and summarized on **Table 2** in order of priority. Table 2 indicates projects that are fully funded by the legislature and projects that applied but did not receive funding.



Butte Silver Bow recently received a \$125,000 grant to protect part of Butte's drinking water supply by making improvements on Moulton Reservoir.



**TABLE 2**  
**1019 BIENNIUM RENEWABLE RESOURCE PROJECT GRANTS**  
**In order of priority established in House Bill 6**  
(shaded rows indicated unfunded projects)

<b>RANK</b>	<b>APPLICANT</b>	<b>PROJECT TITLE</b>	<b>AMOUNT</b>
1	HELENA VALLEY ID	GATE AUTOMATION	\$125,000
2	GRANITE COUNTY	FLINT CREEK DAM RESOURCE ENHANCEMENT	\$125,000
3	BOZEMAN, CITY OF	SUNSET HILLS AND LINDLEY PARK WATER CONSERVATION	\$125,000
4	MEDICINE LAKE, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
5	WARD IRRIGATION DISTRICT	CANAL INTAKE IMPROVEMENTS	\$125,000
6	SWEET GRASS COUNTY CD	BOE-ENGLE DITCH DIVERSION IMPROVEMENTS	\$106,640
7	BEAVERHEAD CD	POINDEXTER SLOUGH FISHERY ENHANCEMENT PH 3	\$125,000
8	CROW TRIBE OF INDIANS	WASTEWATER COLLECTION SYSTEM IMPROVEMENT	\$125,000
9	STILLWATER CD	YANZICK/BREY-RIDDLE DITCHES IMPROVEMENTS	\$125,000
10	LEWIS AND CLARK COUNTY SD	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
11	FROID, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
12	TOWNSEND, CITY OF	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
13	SOUTH WIND WSD	WATER AND WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
14	POPLAR, CITY OF	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
15	LOWER YELLOWSTONE IRRIGATION PROJECT	LATERAL O CHECK AND TERMINAL WASTEWAY REHAB	\$125,000
16	STILLWATER COUNTY - ABSAROEKE SEWER RSID	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
17	RYEGATE, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
18	HUNTLEY PROJECT ID	LOWER MAIN CANAL LINING, PHASE 2	\$125,000
19	HELENA VALLEY ID	LATERAL 14.8 REHABILITATION, PHASE 1	\$125,000
<b>Projects above this line remain funded after the 2017 Special Session</b>			
20	BROADWATER CD	BIG SPRINGS DITCH WATER CONSERVATION, PHASE 2	\$125,000
21	THOMPSON FALLS, CITY OF	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
22	PONDERA COUNTY CD	PONDERA CANAL & RESERVOIR COMPANY CANAL REHAB	\$125,000
23	MALTA IRRIGATION DISTRICT	EXETER SIPHON REPLACEMENT	\$125,000
24	SIDNEY WATER USER ID	MAIN CANAL PIPELINE CONVERSION	\$125,000
25	BUFFALO RAPIDS ID 2	SHIRLEY MAIN CANAL REHABILITATION	\$125,000
26	FORT SHAW IRRIGATION DISTRICT	D-SYSTEM WATER CONSERVATION	\$125,000
<b>Regular Session House Bill 6 Funding Line</b>			
27	CASCADE, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
28	HELENA, CITY OF	WESTSIDE WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
29	EUREKA, TOWN OF	WASTEWATER EXPANSION AND IMPROVEMENT	\$100,000
30	WHITEFISH, CITY OF	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
31	BLACK EAGLE - CASCADE CTY WSD	SEWER MAIN SLIP LINING	\$125,000
32	THOMPSON FALLS, CITY OF	WATER SYSTEM IMPROVEMENTS	\$125,000



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<b>RANK</b>	<b>APPLICANT</b>	<b>PROJECT TITLE</b>	<b>AMOUNT</b>
33	DUTTON, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$125,000
34	FALLON COUNTY	BAKER LAKE RESTORATION	\$100,000
35	MADISON COUNTY	BIG HOLE STREAMBANK REHABILITATION	\$125,000
36	GLEN LAKE IRRIGATION DISTRICT	COSTICH DROP REHABILITATION, PHASE 1	\$125,000
37	HARLOWTON, CITY OF	WATER SYSTEM IMPROVEMENTS, PHASE 4	\$125,000
38	ALBERTON, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$125,000
39	BUFFALO RAPIDS ID 1	LATERAL 20.6 PIPELINE CONVERSION, PHASE 2	\$125,000
40	CHOUTEAU COUNTY CD	RANCHING FOR RIVERS:	\$125,000
41	JUDITH GAP, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS, PHASE 2	\$125,000
42	FLATHEAD CD	KRAUSE CREEK RESTORATION	\$116,000
43	SANDERS COUNTY SD AT PARADISE	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
44	JEFFERSON COUNTY	JEFFERSON SLOUGH EURASIAN WATERMILFOIL CONTROL	\$96,530
45	HUNTLEY PROJECT ID	TUNNEL 2 - DISCHARGE LINE REHABILITATION	\$125,000
46	SIMMS COUNTY SEWER DISTRICT	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
47	CUT BANK, CITY OF	WATER SYSTEM IMPROVEMENTS	\$125,000
48	MT DNRC-WRD	FLINT CREEK PROJECT – ALLENDALE CANAL INTAKE	\$125,000
49	SHERIDAN, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$125,000
50	FORT PECK TRIBES	LATERAL L-42M REHABILITATION, PHASE 1	\$125,000
51	TOSTON IRRIGATION DISTRICT	MAIN CANAL REHABILITATION	\$125,000
52	LAUREL, CITY OF	WATER SYSTEM IMPROVEMENTS	\$125,000
53	CLINTON IRRIGATION DISTRICT	MAIN CANAL WASTEWAY & INTAKE REHABILITATION	\$125,000
54	TIN CUP WSD	WATER CONSERVATION	\$125,000
55	JORDAN, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
56	LINCOLN COUNTY	KSANKA CREEK RESTORATION	\$125,000
57	MANHATTAN, TOWN OF	WASTEWATER SYSTEM IMPROVEMENTS	\$125,000
58	LOWER MUSSELSHELL CD	MUSSELSHELL RIVER CHANNEL MIGRATION ZONE MAP	\$125,000
59	SHELBY, CITY OF	WATER SYSTEM IMPROVEMENTS	\$125,000
60	MT DNRC-WRD	BROADWATER MISSOURI CANAL SYSTEM STUDY & PLAN	\$100,000
61	MT DNRC-WRD	EAST FORK ROCK CREEK MAIN CANAL LINING	\$125,000
62	ROUNDUP, CITY OF	WATER SYSTEM IMPROVEMENTS	\$125,000
63	CUSTER COUNTY	CUSTER COUNTY MILES CITY FLOOD CONTROL	\$125,000
64	SCOBEE, CITY OF	WATER SYSTEM IMPROVEMENTS	\$125,000
65	WILLSALL WATER DISTRICT	WATER SYSTEM IMPROVEMENTS	\$125,000
66	HOT SPRINGS, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$125,000
67	WINIFRED, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$125,000
68	MT DNRC-WRD	NEVADA CREEK WATER PROJECT - CANAL LINING	\$125,000
69	DENTON, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$125,000



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(shaded rows indicated unfunded projects)

<b>RANK</b>	<b>APPLICANT</b>	<b>PROJECT TITLE</b>	<b>AMOUNT</b>
70	FORT BENTON, CITY OF	WATER SYSTEM IMPROVEMENTS	\$125,000
71	ABSAROEKEE WSD	WATER SYSTEM IMPROVEMENTS	\$125,000
72	HYSHAM IRRIGATION DISTRICT	RE-LIFT CANAL IMPROVEMENT	\$125,000
73	DEER LODGE, CITY OF	MUNICIPAL WELL REPLACEMENT	\$125,000
74	FLATHEAD CD	WHITEFISH WATER TREATMENT PLAN	\$86,000
75	TOOLE COUNTY CD	EAGLE AQUIFER EVALUATION, NORTH-CENTRAL MONT	\$116,230
76	MISSOULA COUNTY	SUNSET WEST WATER SYSTEM IMPROVEMENTS	\$125,000
77	GALLATIN LOCAL WQD	BRIDGER RANGE HYDROGEOLOGIC INVESTIGATION	\$125,000
78	MISSOULA, CITY OF	RESTORATION OF PUBLIC ACCESS DAMAGE - CLARK FORK RIVER, PHASE 1	\$125,000
79	CIRCLE, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$125,000
80	STANFORD, TOWN OF	WATER SYSTEM IMPROVEMENTS	\$125,000
81	WEST GREAT FALLS	RIVERBANK EROSION REHABILITATION AND REPAIRS	\$125,000
82	NINE MILE WSD	WATER SYSTEM IMPROVEMENTS	\$125,000
83	MBMG - MT TECH	IRRIGATION EFFICIENCIES AND GROUNDWATER SUPPLIES	\$125,000
84	BRADY COUNTY WSD	WATER SYSTEM IMPROVEMENTS	\$109,400
85	BIGFORK COUNTY WSD	WATER STORAGE AND DISTRIBUTION IMPROVEMENTS	\$125,000
86	CHINOOK, CITY OF	WATER SYSTEM UPGRADES	\$125,000
87	LOCKWOOD IRRIGATION DISTRICT	PUMP STATION REHABILITATION	\$125,000
88	RAE COUNTY WSD	FALCON HOLLOW #2 WELL	\$125,000
89	MALTA, CITY OF	WATER SYSTEM IMPROVEMENTS	\$125,000
90	LOCKWOOD WSD	WATER SYSTEM IMPROVEMENTS	\$125,000
91	EKALAKA, TOWN OF	FLOOD STUDY	\$125,000
92	CONRAD, CITY OF	WATER SYSTEM IMPROVEMENTS	\$125,000
93	SWEET GRASS COUNTY CD	YELLOWSTONE RIVER CHANNEL STABILIZATION	\$125,000
CD = Conservation District      WSD = Water and Sewer District ID = Irrigation District          SD = Sewer District			

### **DNRC's Project Management and Oversight**

Procedures for monitoring projects are governed by a grant agreement between DNRC and the project sponsor. Currently the RRGL program consists of 4.5 full-time staff responsible for overseeing about 300 grants at any given time. DNRC grant managers visit projects during the construction phase to spot check for problems or respond to a request for assistance from the project sponsor. Project sponsors are required to document expenses, provide progress reports and a final report. Evaluation through a final project report enables DNRC to measure how well the project implemented the program goals of conserving, developing, and preserving



Montana's renewable resources. Projects are considered successful if they complete the scope of work outlined in the grant agreement and meet claims for resource benefits.



The Town of Medicine Lake received a \$125,000 grant to rehabilitate their wastewater treatment lagoon system. Upgrades will reduce the risk of discharging untreated waste water to the Medicine Lake Wildlife Refuge.



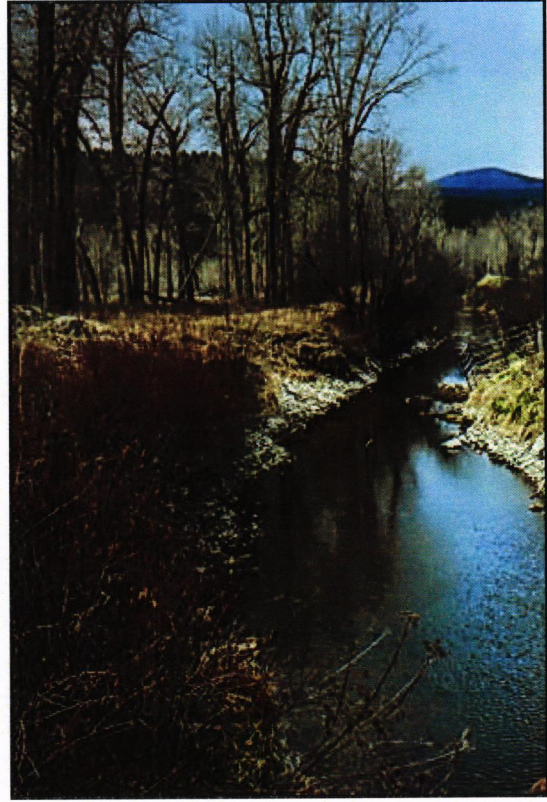
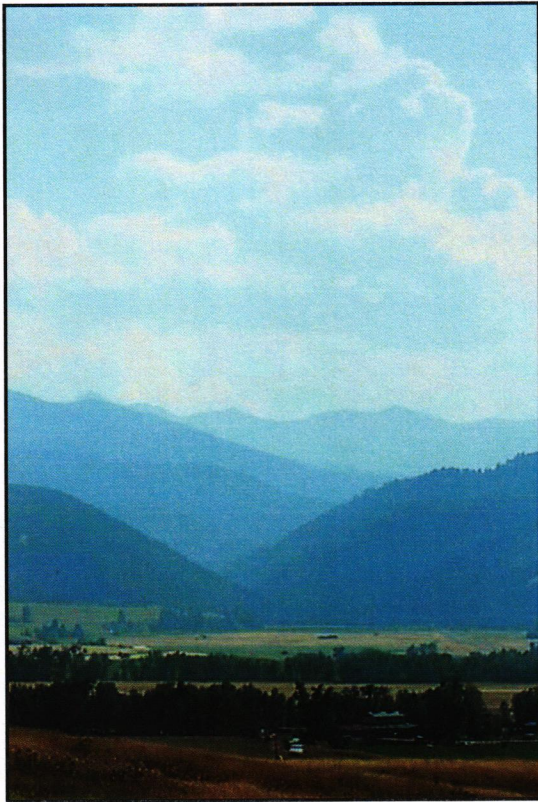
Medicine Lake Wildlife Refuge



## Renewable Resource Project Planning Grants

Renewable Resource Planning Grants fund the planning of projects that will conserve, develop, or protect Montana renewable resources. The 2017 Legislature authorized \$800,000 for planning grants. No match funding is required.

DNRC awarded 90 grants to public entities for planning projects during the 2017 biennium and 31 planning grants in the first eight months of the 2019 biennium (Table 3). On March 1, 2018, DNRC will award a second round of planning grants totaling \$300,000. Planning grants are typically for amounts between \$5,000 and \$15,000 and used to subsidize a planning effort such as a feasibility study, alternatives analysis, or preparation of a preliminary engineering report for infrastructure projects.



The City of Bozeman and Grass Valley French Ditch Company in Missoula have used RRGL planning grants to investigate the feasibility of water marketing.



The Renewable Resource Planning Grant program helps local governments to better understand and describe their project needs. In 2016, more than half of the applications DNRC received for the larger grants were prepared by communities that used a planning grant.



The Arlee/Lake County Water Sewer District received a \$10,000 planning grant to develop a grant application for wastewater system improvements.

<b>TABLE 3</b> <b>Late 2017 &amp; Early 2019 BIENNIUM RENEWABLE RESOURCE PLANNING GRANTS</b> <b>(as of March 1, 2016)</b>		
APPLICANT	PROJECT	AMOUNT
<b>Awarded Fiscal Year 2017</b>		
DODSON, TOWN OF	WASTEWATER	15,000
HARLOWTON, CITY OF	WASTEWATER	5,000
HINSDALE COUNTY WSD	DRINKING WATER	15,000
RED LODGE, CITY OF	STORMWATER PER	15,000
THOMPSON FALLS, CITY	WASTEWATER PER	15,000
SANDERS COUNTY SD AT	WATER SYSTEM IMPROVEMENTS	10,000
CARBON COUNTY CD	CLARK FORK DIVERSION	10,000
PONDERA COUNTY CD	SWIFT DAM AUTOMATION	10,000
PARK CNTY-COOKE CITY	PER-COOKE CITY WASTEWATER	15,000
MISSOULA COUNTY	COUNTY FAIRGROUNDS WASTEWATER IMPROVEMENTS	10,000
BASIN COUNTY WSD	DRINKING WATER	10,000
FORT SHAW ID	OPEN CHANNEL TO PIPELINE CONVERSION	10,000
LOWER YELLOWSTONE	CRANE WASTEWAY AND PUMPING PLANT REHAB	10,000
MILK RIVER JBC	DROP 2 REHAB	10,000
HEART BUTTE SCHOOL	PER FOR WATER SYSTEM IMPROVEMENTS	15,000
<b>Awarded Fiscal Year 18 Round 1</b>		
LOWER YELLOWSTONE	CRANE WASTEWAY AND PUMP FACILITIES REHABILITATION	10,000
ALFALFA VALLEY ID	AVID LATERAL TO PIPELINE CONVERSION PROJECT	10,000
BITTER ROOT ID	COMO DAM WATER RESOURCE ENHANCEMENT PROJECT	15,000



**TABLE 3**  
**Late 2017 & Early 2019 BIENNIUM RENEWABLE RESOURCE PLANNING GRANTS**  
**(as of March 1, 2016)**

APPLICANT	PROJECT	AMOUNT
DAWSON COUNTY	LATERAL 1.7 PIPELINE CONVERSION PROJECT	10,000
BUFFALO RAPIDS PROJECT	BUFFALO RAPIDS 2 LATERAL 1.6 PIPELINE CONVERSION PROJECT	10,000
CANYON CREEK	CANYON LAKE DAM REHABILITATION TECHNICAL NARRATIVE	15,000
CITY OF CUT BANK	CITY OF CUT BANK WASTEWATER PRELIMINARY ENGINEERING REPORT	5,000
HELENA VALLEY ID	HVID LATERAL 14.8 REHABILITATION	15,000
HUNTLEY PROJECT ID	HPID PUMP STATION & HIGHLINE DISCHARGE LINE REHAB PROJ	10,000
LOCKWOOD WSD	LOCKWOOD WSD WASTEWATER PER UPDATE	5,000
MILK RIVER JOINT BOARD	DROP 5 INVESTIGATION AND OPTIONS PKG	15,000
CITY OF PLENTYWOOD	PLENTYWOOD PHASE 2 PER FOR WASTEWATER COLLECTION SYSTEM	15,000
PONDERA COUNTY CD	PONDERA KINGSBURY TURNOUT AUTOMATION PROJECT	15,000
ARLEE/LAKE COUNTY WSD	WASTEWATER TECHNICAL NARRATIVE	10,000
TOWN OF CASCADE	WATER PRELIMINARY ENGINEERING REPORT	5,000
FLATHEAD CD	RESTORING FLOW TO TRUMBULL CREEK	15,000
GREENFIELDS ID	WATER MANAGEMENT PROJECT	5,000
TREASURE COUNTY	WATER MANAGEMENT PROJECT	5,000
LIBERTY COUNTY CD	MARIAS RIVER STABILIZATION PROJECT-PHASE 2	5,000
LOWER MUSSELSHELL CD	DELPHIA MELSTONE WATER USERS IRRIGATION EFFICIENCY & WATER	15,000
PONDERA COUNTY CD	GROUND WATER INVESTIGATION FOR SALINE SEEPAGE	10,000
SIDNEY WATER USERS ID	MAIN CANAL PIPELINE CONVERSION PROJECT - PHASE 2	15,000
TOWN OF WHITEHALL	WATER IMPROVEMENT PROJECT	15,000
FORT BELKNAP INDIAN	THREEMILE CREEK PUMP STATION REHABILITATION PROJECT	15,000
VALLEY COUNTY	V-3 LATERAL CONVERSION	15,000
CITY OF GLENDIVE	UPDATED WASTEWATER PER	5,000
CITY OF LEWISTOWN	IRRIGATION DITCH IMPROVEMENTS PROJECT	15,000
TOWN OF MANHATTEN	FLOOD MITIGATION AND WASTEWATER REDUCTION	5,000
TOWN OF MANHATTEN	MANHATTEN WATER RECLAMATION FACILITY IMPROVEMENTS	15,000
MISSOULA COUNTY CD	GRASS VALLEY FRENCH DITCH CLARK FORK DIVERSION REHABILITATION	15,000
TETON CD	TETON CO-OP CANAL COMPANY LATERAL TO PIPELINE CONVERSION	15,000
WILLSALL WATER DISTRICT	DRINKING WATER SYSTEM PER	5,000

**\$300,000 in Planning Grants (2<sup>nd</sup> Round Fiscal Year 18) Will be Awarded March 1**

ID = Irrigation District  
SD = Sewer District  
SWD = Water and Sewer District  
PER = Preliminary Engineering Report  
CD = Conservation District



## Renewable Resource Emergency Grants and Loans

Limited funds are also available to help finance projects eligible for renewable resource grants but, if delayed, would result in substantial damages or legal liability for the project sponsor. No application fee is required.

When requesting emergency funds, applicants are required to document the community's financial condition and ability to otherwise pay for the proposed repairs.

The 2017 Legislature authorized \$100,000 in House Bill 6 to fund emergency grants for this biennium. Typically, a grant for an individual emergency project is limited to a maximum of \$30,000. The amount available for emergency loans is \$10,000,000 per biennium. The amount available per loan is based on the applicant's ability to repay the loan. From Fiscal Year 2017 to February 15, 2018, eight emergency grants have been awarded (Table 4).



Thompson Falls received a \$44,500 Renewable Resource Emergency Grant this fall to repair failed wastewater lift station. The project will protect the Clark Fork River from raw sewage discharges.



**TABLE 4**  
**RENEWABLE RESOURCE EMERGENCY GRANTS**  
**Fiscal Year 2017 through February 15, 2018**

<b>PROJECT SPONSOR</b>	<b>PROJECT TITLE</b>	<b>AMOUNT</b>
<b>FY 2015 - 2016</b>		
BRADY WSD	EMERGENCY REPAIRS FROM LIGHTENING	\$8,000
FLATHEAD COUNTY WD101	FIX LOW WATER PRESSURES IN SYSTEM	\$20,000
SWEET GRASS COUNTY WSD	EMERGENCY REPAIRS TO SYSTEM DISTRIBUTION	\$17,000
RAMSAY WSD	EMERGENCY REPAIRS TO FROZEN SYSTEM	\$10,000
LOCKWOOD ID	LIFT PIPE EMERGENCY REPAIR PROJECT	\$10,000
SOUTH WIND WSD	WATER EMERGENCY REPAIRS	\$12,000
GREENFIELDS ID	REPAIRS TO THE JOHNSON DROP STRUCTURE	8,000
CANYON CREEK ID	EMERGENCY REPAIR OF CANYON LAKE DAM	15,000
THOMPSON FALLS	EMERGENCY REPAIRS TO LIFT STATION AND PUMP	\$44,500
DODSON, TOWN OF	WATER EMERGENCY REPAIRS - 2017-2018 WINTER	Pending
WSD = Water and Sewer District WD = Water District ID = Irrigation District		



## SECTION 2

### IRRIGATION DEVELOPMENT GRANTS

The Irrigation Development Grant (IDG) Program was initiated by the 1999 Legislature to foster development of new irrigation projects and production of high-value crops. Program staff provide financial, technical and legal assistance to government entities and water user associations.

Grants range from \$400 to \$15,000 per project. Project examples include feasibility studies on irrigation system improvements or new irrigation projects, purchase and training for flow monitors to improve irrigation efficiencies and add to instream flows, and agriculture tours to educate producers on new technology.

The Irrigation Development Grant Program has assisted producers and irrigators to develop over 40,000 acres of new irrigation since 2001. Projects funded by this program have played an important role in improving the management and conservation of over 220,000 acres of existing irrigation so that more water is available for all uses.



The Bitter Root Irrigation District receive a \$6,000 grant from the Irrigation Development Grant program to inventory repair needs for their Siphon II. Information collected will be used to prepare a grant application for the May 15 2018 project application deadline.



## Project Solicitation and Review

To request funds, applicants are required to describe the project, identify the sources and uses of funding, and provide an implementation schedule. All submitted applications are evaluated for completeness and compliance with the intended purposes of the program. Requests for irrigation development grant funds are reviewed and ranked by DNRC staff. There is more demand than there are available funds every year. **Table 5** lists Irrigation Development Grants awarded at the end of the 2017 biennium and in the first 8 months of the 2019 biennium.

<b>TABLE 5</b> <b>RENEWABLE RESOURCE IRRIGATION DEVELOPMENT GRANTS</b> <b>CONTRACTED FY 2017 – 2018 (to date)</b>		
<b>PROJECT SPONSOR</b>	<b>PROJECT TITLE</b>	<b>AMOUNT (In dollars)</b>
<b>Fiscal year 2017</b>		
GREENFIELDS IRRIGATION DISTRICT	Greenfields Irrigation District Measurement	14,500.00
FORT PECK TRIBES	Land Clearing Delivery Line Install	15,000.00
DEER LODGE VALLEY CD	Canal Lining Project	13,000.00
LOWER YELLOWSTONE IRR PROJECT	Conversion of AutoCAD to GIS & database	13,000.00
CLINTON IRRIGATION DISTRICT	Design/Const/Install of Metal Headgate	14,500.00
GLASGOW IRRIGATION DISTRICT	District System Assessment	14,000.00
GLASGOW SCHOOL DISTRICT 1A	Purchase for Outdoor Learning Lab equip	12,000.00
HUNTLEY PROJECT ID	Tunnel 2 Rehabilitation Project	5,000.00
BITTER ROOT ID	Inventory Siphon 2	6,000.00
DNRC/WATER RESOURCE DIVISION	Purchase Stream Gaging Equipment	17,000.00
<b>Fiscal Year 2018 To Date</b>		
BILLINGS BENCH WATER ASSOCIATION	Main canal hydrology & hydraulics study	15,000.00
CLINTON IRRIGATION DISTRICT	Rehabilitation of Clinton ID waste way	15,000.00
FORT SHAW IRRIGATION DISTRICT	Implementation of an on-farm efficiency tracking	15,000.00
GLASGOW SCHOOL DISTRICT	Rainwater Harvest Project	10,000.00
LOWER MUSSELSHELL CD	Musselshell Watershed Irrigation Master Planning	15,000.00
WESTERN ARBORICULTURE	Western Arboriculture Tree Farm	15,000.00
PARK CONSERVATION DISTRICT	Park Branch Canal Irrigation Efficiency Monitoring	15,000.00
ID = Irrigation District CD = Conservation District DNRC = Montana Department of Natural Resources and Conservation		



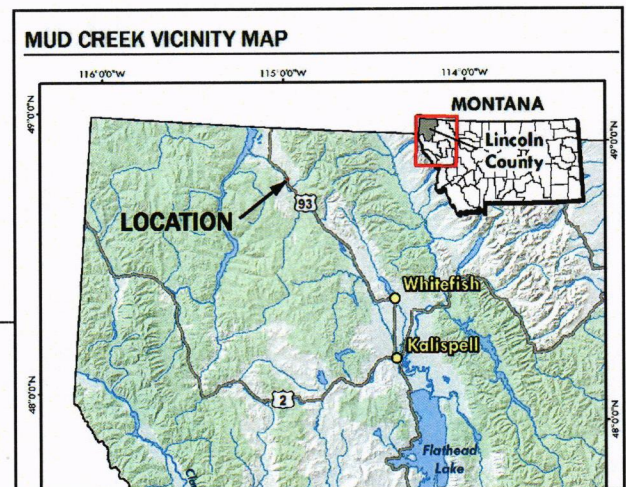
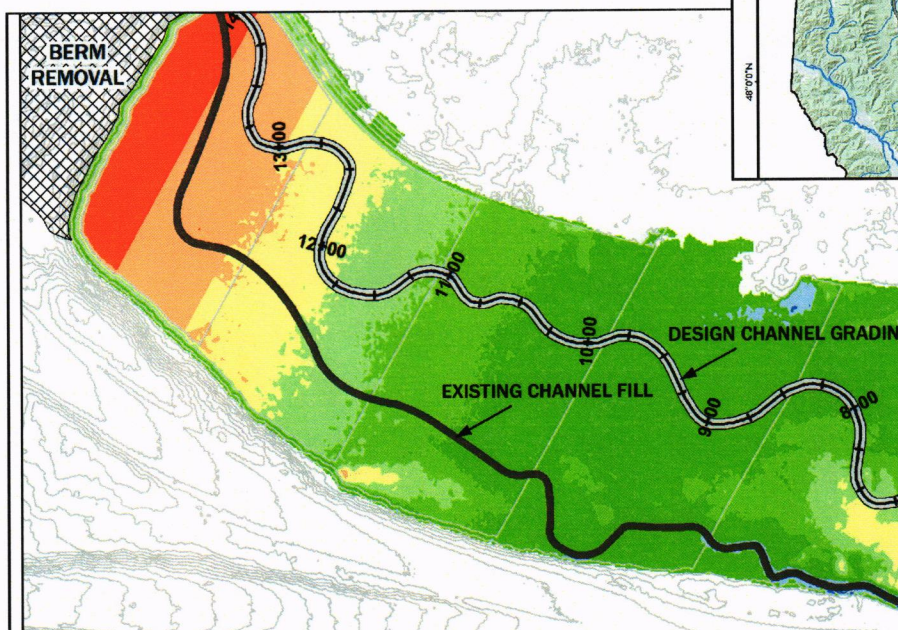
### SECTION 3

#### WATERSHED MANAGEMENT GRANTS

The 2015 Legislature initiated a new grant opportunity as part of the Renewable Resource Grant and Loan program. Watershed management grants are available to local governments and nonprofits for planning and management activities that conserve, develop, or preserve renewable resources and/or support the implementation and development of the state water plan. These grants help watershed groups develop core capabilities such as staff and board leadership, financial management, fundraising, assessments of resource issues, development of self-sustaining education or outreach project or program, and use of technology.

The legislature appropriated \$300,000 to watershed management grants for the biennium. Size of grants range from \$5,000 to \$20,000. Thirty-two watershed grants were awarded in the 2017 Biennium and eight grants have been awarded this biennium to date. The next watershed grant deadline is April 15, 2018. A list of grants awarded in fiscal year 2017 to February 15, 2018 is provided in **Table 6**.

Lincoln Conservation District received a \$10,000 watershed management grant to complete design of a stream restoration project on Mud Creek, a tributary to the Tobacco River.





<b>TABLE 6</b> <b>RENEWABLE RESOURCE WATERSHED GRANTS</b> <b>Fiscal Year 2017 to February 15, 2018</b>		
<b>PROJECT SPONSOR</b>	<b>PROJECT TITLE</b>	<b>AMOUNT</b>
<b>Fiscal Year 2017</b>		
LAKE COUNTY CD	Soil Health Project	5,000
PHILLIPS CD	Watershed Coordinator	15,000
BEAVERHEAD CD	Big Sky Watershed Corp Watershed Restoration Planning	5,000
TETON CD	Watershed Coordination Project	7,500
DEER LODGE VALLEY CD	Drought Resiliency Planning	7,500
CASCADE CD	Watershed Coordinator	7,500
LEWIS & CLARK COUNTY WQPD	Soil Health Project	5,000
GREATER GALLATIN WATERSHED COUNCIL	Hosting Big Sky Watershed Corps & Education Outreach	7,500
TROUT UNLIMITED	Rock Creek Restoration Planning and Assessment	9,800
MONTANA AQUATIC RESOURCES	Yellowstone River Symposium	2,500
BLACKFOOT CHALLENGE	Drought Planning and Watershed Stewardship	7,000
VALLEY COUNTY CD	Documentary of Milk River Watershed and St. Mary	10,700
LINCOLN CD	Mud Creek Restoration Final Design	10,000
<b>FY 2018 to date</b>		
GALLATIN LOCAL WATER QUALITY DIST	Surface Water Monitoring Network Development	8,000
BLACKFOOT CHALLENGE	Watershed Monitoring and Volunteer Development	6,000
CUSTER COUNTY CD	Yellowstone River CEA-Recommended Practices Implementation	10,000
LOWER CLARK FORK WATERSHED GROUP	Lower Clark Fork Watershed Restoration Plan Update	10,000
RUBY VALLEY CD	Ruby Valley Conservation District Watershed Stewardship Programs	15,000
LAKE COUNTY CD	Lake County CD 2018 Big Sky Watershed Corps Host Sit	6,000



## SECTION 4 LOANS TO PUBLIC ENTITIES

The Resource Development Bureau also accepts applications for public loans at the same time grant applications are due for RRGL project grants. These loans are funded with proceeds from the sale of coal severance tax secured bonds and frequently are offered at a subsidized interest rate.

### **Application Review**

The RRGL team follows the same methodical review process for the project grants described in Section 1 with the exception of comparative ranking. DNRC assigns a favorable funding recommendation to all feasible public loan applications that are eligible for funding. The DNRC recommendation includes the amount of financing needed to meet project and financing expenses and a suggested interest rate. There is no maximum allowable loan amount. Public loans are limited to the amount an applicant has the ability to repay under the standard repayment terms and by the bonding capacity of DNRC.

The interest rate on coal severance tax loans is determined by the bond market at the time coal severance tax bonds are sold. The rate of interest on most loans from the program will vary in accordance with the rate on the State coal severance tax bonds. The basic rate of interest for each public loan financed from the proceeds of a single bond issue is the same. Subsidies may vary depending on legislative authorization.



In addition to a federal grant, the City of Libby coupled an \$800,000 RRGL loan with a \$100,000 RRGL grant to rebuild the Flower Creek Dam. Flower Creek Reservoir stores the drinking water supply for the Town of Libby. The project was recently completed in less than two years.



## Project Management

After a public loan is authorized by the Legislature and the project sponsor is ready to secure financing, DNRC performs a more thorough review of the applicant's ability to repay the loan. If the borrower provides documentation of the ability to repay a loan and all legal requirements to incur debt are met, a bond purchase agreement is prepared and executed. The agreement includes specific requirements and covenants with respect to a project or improvements to the project being financed. Borrowers must acquire all property rights necessary for the project, including water rights, rights-of-way, and interest in land needed for a project's construction, operation, and maintenance. As appropriate, these and other stipulations also are contained in a bond resolution.

DNRC currently manages 46 of these RRGL loans to public entities. Active Renewable Resource loans to public entities are presented in **Table 7**. No loans were authorized by the 2017 Legislature.

<b>TABLE 7</b> <b>RENEWABLE RESOURCE ACTIVE LOANS TO PUBLIC ENTITIES</b> <b>as of February 15, 2018</b>	
<b>PUBLIC ENTITY</b>	<b>AMOUNT REMAINING ON LOAN</b>
BEAVERHEAD CO -RED ROCK WSD	\$ 502,806.80
BELT, TOWN OF	\$ 151,700.00
BITTER ROOT IRRIGATION DISTRICT	\$ 1,726,374.05
BRADY WATER & SEWER DIST	\$ 109,590.73
BRIDGER PINES COUNTY W&SD	\$ 973,836.12
BRIDGER, TOWN OF	\$ 72,768.20
BUFFALO RAPIDS ID #1	\$ 325,187.04
DALY DITCHES IRRIGATION DIST	\$ 67,941.78
DALY DITCHES IRRIGATION DIST	\$ 185,943.02
DNRC/STATE WATER PROJECTS BUREAU	
ACKLEY LAKE DAM REHAB	\$ 107,978.69
BAIR DAM REHAB	\$ 226,953.51
COTTWOOD, MIDDLE CREEK WU	\$ 716,136.96
DEADMANS BASIN WUA	\$ 24,877.28
DEADMANS BASIN WUA	\$ 262,390.42
DEADMANS BASIN WUA	\$ 447,585.58
EAST FORK SIPHON	\$ 154,581.86
NORTH FORK OF THE SMITH WUA	\$ 192,175.16
NEVADA CREEK DAM	\$ 144,776.95
RUBY DAM	\$ 1,563,120.59
RUBY RIVER WUA	\$ 1,402,002.70



PUBLIC ENTITY	AMOUNT REMAINING ON LOAN
RUBY RIVER WUA	\$ 2,194,767.28
TOSTON DAM	\$ 1,518,042.73
EAST CLARK STREET WATER & SEWER	\$ 231,651.20
FAIRFIELD, TOWN OF	\$ 23,934.25
FORT BENTON, CITY OF	\$ 20,015.27
FOUR CORNERS COUNTY WSD	\$ 2,829,325.99
FROID, TOWN OF	\$ 152,901.57
LEWISTOWN, TOWN OF	\$ 45,636.00
LIBBY, CITY OF	\$ 208,579.93
LIBBY, CITY OF	\$ 675,685.77
LOCKWOOD WSD	\$ 735,317.36
LOCKWOOD WSD	\$ 283,271.99
MALTA IRRIGATION DIST	\$ 662,679.89
MANHATTAN, TOWN OF	\$ 898,329.47
MILL CREEK IRRIGATION DISTRICT	\$ 327,439.31
MILL CREEK WSD	\$ 15,401.20
RONAN, TOWN OF	\$ 630,552.96
ST IGNATIUS, TOWN OF	\$ 110,297.45
SUNBURST, TOWN OF	\$ 26,512.59
SUNBURST, TOWN OF	\$ 184,135.75
TEN MILE CREEK ESTATES PLEASANT VALLEY	\$ 217,214.10
THOMPSON FALLS CITY OF	\$ 169,419.42
TOWN OF HYSHAM	\$ 504,124.00
TROY, CITY OF	\$ 1,721,574.98
UPPER MUSSELSHELL WUA	\$ 50,255.38
YELLOWSTONE BOYS & GIRLS RANCH WSD	\$ 758,516.91
	\$ 24,554,310.19



## SECTION 5

### GRANTS AND LOANS TO PRIVATE ENTITIES

According to the Montana Constitution, the Legislature may not appropriate funds to private individuals. However, State entities have the authority to distribute public funds to private individuals. The Legislature made provisions in Statute to provide renewable grants and loans to nongovernment entities.

Water-related projects conducted by an individual, association, for-profit corporation, or not-for-profit corporation, may be funded by a private renewable resource grant or loan. Non-government projects must have quantifiable benefits that will exceed costs and provide public benefits in addition to private benefits. Private grants must be matched by 75% of project costs.

DNRC reviews and screens grant requests to determine whether the proposed projects are technically feasible. Grant funding for any project may not exceed 25% of the total cost of the project or \$5,000 whichever is the lowest amount.

#### Private Grant Activity

In the period from January 2016 to February 15, 2018 DNRC awarded 36 private grants primarily for individual septic system projects that protect groundwater, for water development projects and dam safety inspections.



Rattlesnake Reservoir & Water Company received a \$5,000 private grant to offset the cost of a dam rehabilitation project.



## Renewable Resource Loans to Private Individuals and Groups

Renewable resource loans to private entities became available in 1981 when the Legislature earmarked \$350,000 under the former Renewable Resource Development program to finance loans to private individuals. At the same time, DNRC was given the authority to issue general obligation bonds to finance private loans. Loans to private individuals must promote and advance the beneficial use of water and allow Montana citizens to fully use State waters.



Projects must be technically and economically feasible, and must pay for themselves over the life of the installation through water savings, increased crop production, or other measurable benefits. Applications that meet feasibility and eligibility criteria are funded if the applicant demonstrates the ability to repay the loan. Most DNRC private loans go to producers to convert from flood to sprinkler irrigation.

The maximum loan amount allowable for private individuals under the RRGL is \$400,000. Water user associations may borrow up to \$3,000,000 based on ability to pay. Loans are for a term not longer than either 30 years or the estimated useful life of the equipment purchased or materials installed. For new irrigation equipment, the allowable term is 15 years; for used irrigation equipment, the term usually is 10 years or shorter.

Borrowers must acquire all property rights necessary for the project, including rights-of-way and interest in land needed for the construction, operation, and maintenance of the project. Title insurance, a title opinion or other documents showing the ownership of the land, mortgages, encumbrances, or other liens must be provided to DNRC. Loans must be secured with real property valued higher than the loan amount requested.

As of February 15, 2018, about 540 private loans have been approved since the beginning of the program. In Fiscal Years 2017 and 2018 (to date), DNRC approved 13 private loans (**Table 9**). Loans are typically used to finance new and refurbished irrigation systems to increase irrigation efficiencies, drill irrigation wells, and refurbish private drinking water systems.



TABLE 8 PRIVATE LOANS AUTHORIZED FISCAL YEARS 2017 AND 2018 (to date)		
CONTRACT NUMBER	LOCATION BY COUNTY	LOAN AMOUNT
WDL 17-3690	LAKE	\$40,000.00
WDL 17-3691	LAKE	\$8,016.00
WDL 17-3692	TETON	\$397,982.00
WDL 17-3693	RICHLAND	\$127,000.00
WDL 17-3694	CASCADE	\$15,000.00
WDL 17-3695	TETON	\$201,135.00
WDL 17-3696	BROADWATER	\$75,000.00
WDL 17-3697	WHEATLAND	\$156,000.00
WDL 17-3699	BLAINE	\$85,885.00
WDL 17-3700	CASCADE	\$125,000.00
WDL 18-3702	GARFIELD	\$133,785.00
WDL 18-3705	RICHLAND	\$400,000.00
WDL 18-3706	FALLON	\$180,000.00
TOTAL		\$1,944,803.00



## SECTION 6 ADDITIONAL INFORMATION

Volume 6 of the Governor's Executive Budget Fiscal Years 2018 – 2019 includes summaries of each project recommended for funding to the 2017 Legislature and contains a comprehensive description of RRGL program policies and procedures. It is available at the following website: [https://budget.mt.gov/Budgets/2019 Budget](https://budget.mt.gov/Budgets/2019%20Budget)

Every grant program under the Renewable Resource Grant and Loan umbrella has an application and guidelines for applicants. These are available by contacting the Resource Development Bureau and at the following website: <http://dnrc.mt.gov/grants-and-loans>

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